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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, December 23, 2002

PETITION OF

CASE NO. PUC-2002-00209

360networks (USA) of Virginia inc.

For approval of an indirect change of control

ORDER GRANTING APPROVAL

On October 31, 2002, 360networks (USA) of Virginia inc. (“360 of Virginia” or “Petitioner”) completed a petition filed with the State Corporation Commission (“Commission”) on October 23, 2002, requesting approval, pursuant to § 56-88.1 of the Code of Virginia, for an indirect change of control of the Petitioner.

360 of Virginia is a Virginia public service corporation with its principal place of business located in Broomfield, Colorado. 360 of Virginia holds certificate of public convenience and necessity (“CPCN”) No. T-577 to provide local exchange telecommunications services in Virginia, which was granted on May 18, 2001. 360 of Virginia also holds CPCN No. TT-91B to provide interexchange telecommunications services in Virginia, which was granted on November 2, 2000. Currently, 360 of Virginia provides telecommunications services to other carriers and service providers. The Petitioner does not provide any telecommunications services to end users at this time.

360 of Virginia is a wholly owned subsidiary of 360networks (USA) inc., which is a wholly owned subsidiary of 360 networks holdings (USA) inc. 360networks (USA)

inc. and 360networks holdings (USA) inc. are both Nevada corporations. 360networks holdings (USA) inc. is a majority-owned subsidiary of 360networks Corporation (“360 Corp.”), which is a corporation organized under the federal laws of Canada. 360 Corp. is a wholly owned subsidiary of 360networks, inc. (“360networks”), a Nova Scotia, Canada corporation.

The Petitioner seeks approval of an indirect change of control of 360 of Virginia from 360networks to 360 Corp. On June 28, 2001, 360networks and certain of its subsidiaries commenced bankruptcy proceedings in the Supreme Court of British Columbia, Canada (“Canadian Court”). On that same day, certain of 360networks’ U.S. subsidiaries, including the Petitioner, began bankruptcy proceedings in the United States Bankruptcy Court for the Southern District of New York (“U.S. Bankruptcy Court”), under Chapter 11 of the United States Bankruptcy Code. The U.S. Bankruptcy Court has approved the First Amended Joint Plan of Reorganization, and the Canadian Court has approved the Consolidated Plan of Compromise or Arrangement. Collectively, the First Amended Joint Plan of Reorganization and the Consolidated Plan of Compromise or Arrangement are referenced as the “Plans.”

Under the terms of these Plans, 360 Corp. will issue new shares to multiple groups of lenders. As a result, 360networks will no longer control 360 Corp., and 360 Corp. will become the new parent company of the reorganized 360 group of companies, including 360 of Virginia.

360networks currently has three classes of shares: subordinate voting series, multiple voting series, and preferred shares. As of July 3, 2002, Worldwide Fiber Holdings Ltd. was the only entity to hold 20% or more of the multiple voting shares of

360networks. Ledcor Limited Partnership was the only entity that holds 20% or more of the subordinate voting shares of 360networks. Both Worldwide Fiber Holdings Ltd. and Ledcor Limited Partnership are wholly owned subsidiaries of Ledcor Holdings Inc.

Pursuant to the Plans, 360 Corp. will issue shares to the Agent for the Senior Lenders for nominal consideration. These shares will then be consolidated on a basis that results in 360networks receiving only a fractional interest in 360 Corp. This fractional share will then be purchased for cash upon implementation of the Plans.

Under the terms of the Plans, 360 Corp. will also issue and allot shares from its treasury stock and distribute these shares to lenders, creditors, and employees. Each of the Senior Lenders, consisting of approximately 60 institutions, will receive shares that collectively total approximately 80.5% of the outstanding shares. Each of the unsecured U.S. and Canadian creditors will receive shares totaling approximately 12% of the outstanding shares. Certain employees will receive stock grants totaling approximately 7.5% of the outstanding shares. In the future, approximately 7.5% of additional stock will be reserved for allocation of stock options to all employees and outside directors, which would dilute the existing percentages.

As a result of the transactions called for in the Plans, the interests of Ledcor Holdings, Inc., the entity holding ultimate indirect control of the Petitioner, will be extinguished, and shares of 360 Corp. held by 360networks will be consolidated and purchased for cash. Upon completion of the transactions called for in the Plans, 360networks will no longer control 360 Corp., and 360 Corp. will become the ultimate parent of 360 of Virginia.

THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the transfer of control of 360 of Virginia from 360networks to 360 Corp., as described herein, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the transfer of control of 360 of Virginia from 360networks to 360 Corp. as described herein.
- 2) There appearing nothing further to be done in this matter, it is hereby dismissed.